



FOR IMMEDIATE RELEASE

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FACT SHEET

Wall Street Again Recognizes San Diego's Financial Strength

Moody's Upgrades City's Credit Rating; Changes Outlook from "Negative" to "Stable"

In yet another validation of San Diego's growing financial strength, Moody's Investors Service today upgraded the City of San Diego's various credit ratings and raised its financial outlook from "negative" to "stable." Earlier this year, Wall Street's other two rating agencies, Standard and Poor's and Fitch Ratings, also revised the City's ratings outlook to positive.

"The rating upgrade reflects notable, and now confirmed, improvement to the city's financial position – although significant financial pressures remain – and the resolution of the ongoing investigations that had hampered the city's financial reporting and contributed to a general environment of crisis and uncertainty," stated the report from Moody's. "Based on the city's unaudited financial results for 2007, the city appears to have significantly improved its financial position, most notably by more than doubling its general fund reserves."

Mayor Jerry Sanders was pleased by the news. "Once again, Wall Street has recognized the progress that we have made and are continuing to make in improving the financial fitness of the city. We certainly have more work ahead, but this is very good news for the people of San Diego.

This milestone is just the latest in a long series of financial accomplishments by Mayor Sanders:

- Appointed the City's first-ever CFO and appointed a new Internal Auditor. The Mayor will double the Auditor's staff resources in FY09.

- Issued four sets of audited financial statements for FY03-FY06 in one year after a three year hiatus. Prior to the end of the 2008 calendar year, the City is on track to issue the two remaining financial statements for FY07 and FY08.
- Established a Five Year Financial Outlook that funds long-term obligations including deferred maintenance. Over the next six years, the City is projected to dedicate \$781 million to deferred maintenance and capital improvements, including street repairs.
- Streamlined City operations to save over \$50 million annually and eliminated 670 staff positions. The 670 positions eliminated represent 9% of all non-public safety employees. As part of his FY09 budget, the Mayor is proposing the elimination of additional 127 positions resulting in an additional \$10 million in permanent yearly savings. If approved by the City Council, 795 positions or 10.3% of all non-public safety positions will have been eliminated resulting in savings of over \$60 million.
- Proposed a new Retirement Plan for future non-public safety employees and have held the line on salary and benefit increases for employee groups.
- Instituted tough new financial controls. As of today, 82% of the internal financial control recommendations made in the Kroll Report have been implemented or are substantially complete.
- Accomplished all of the above without raising taxes.

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